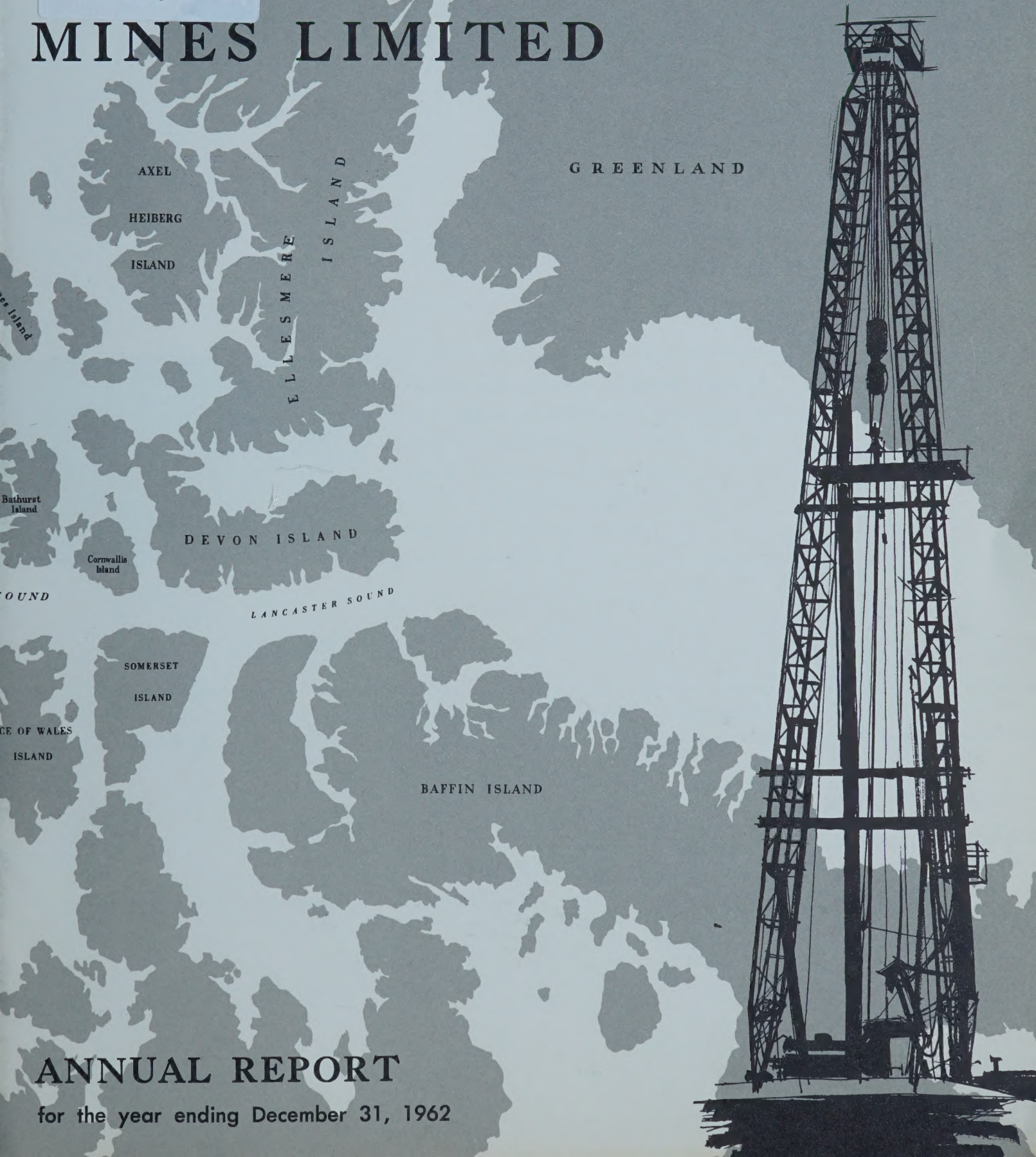


BANKENO

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MINES LIMITED



ANNUAL REPORT

for the year ending December 31, 1962

BANKENO MINES LIMITED

HEAD OFFICE • 250 UNIVERSITY AVENUE • TORONTO • ONTARIO

OFFICERS & DIRECTORS

THOS. J. DAY, Q.C.

President and Director • Toronto, Ontario

J. W. McBEAN

Vice-President and Director • Swastika, Ontario

K. H. LARKIN

Secretary and Director • Toronto, Ontario

G. H. CHARLEWOOD

Director • Kirkland Lake, Ontario

E. T. DONALDSON

Director • Toronto, Ontario

E. S. CHARD

Treasurer • Toronto, Ontario

TRANSFER AGENT

CROWN TRUST COMPANY • 302 Bay Street, Toronto, Ontario

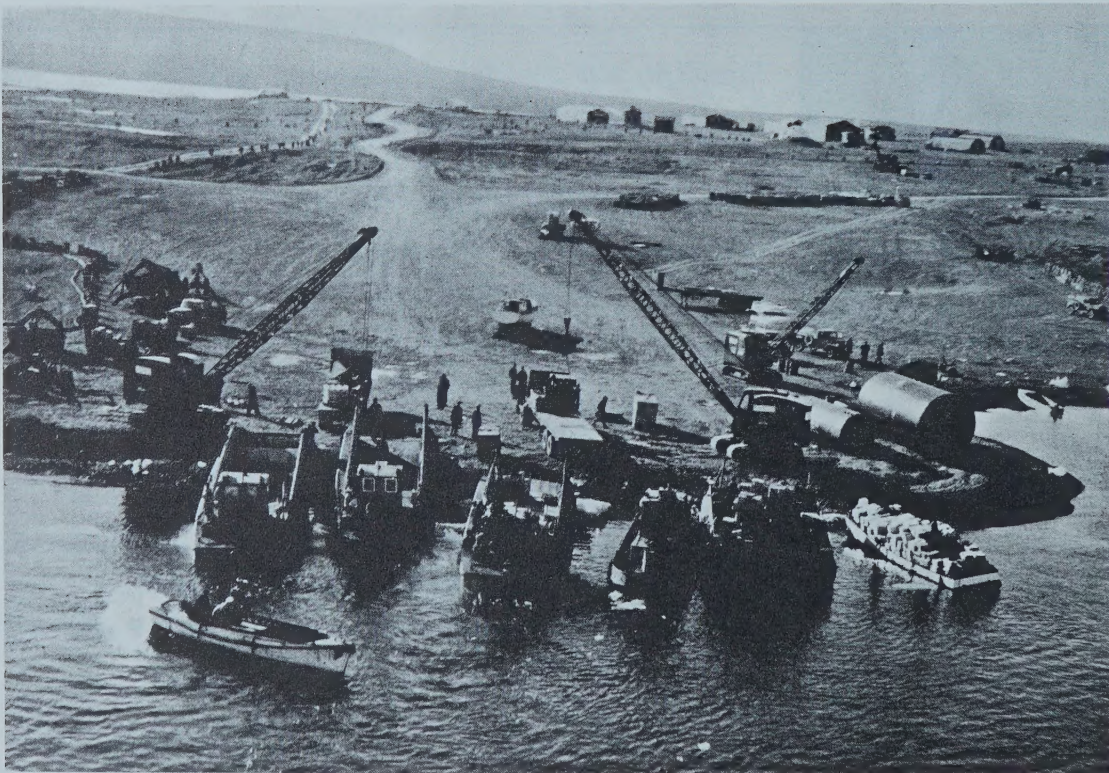
AUDITORS

THORNE, MULHOLLAND, HOWSON & MCPHERSON • Toronto, Ontario

BANKENO MINES LIMITED

A N N U A L R E P O R T

for the year ended December 31, 1962



Landing supplies at Government weather station, Resolute Bay,
close to site of first well to be drilled on Cornwallis Island.

BANKENO MINES LIMITED

Directors' Report to the Shareholders

Enclosed herewith is a Financial Statement of the Company as of the 31st December, 1962, together with the Auditors' Report.

Your Company has entered into agreements to participate in the drilling of three wells on the Arctic Islands this year.

An agreement has been entered into with Lobitos Oilfields Limited wherein Bankeno has acquired a 15% interest in two wells to be drilled on Cornwallis Island. The locations of the two wells to be drilled are shown on the map accompanying this report. The first well to be drilled is at the south end of Cornwallis Island near Resolute and includes a total acreage

set aside for the participants of 67,516 acres. It is anticipated that this well will be drilled to a depth of approximately 7,000 feet. The drilling operations should commence early in September. The second well, as shown on the map, is in approximately the north central part of Cornwallis Island and includes a total acreage of 229,831 acres which has been set aside for the participants. It is anticipated that this well will be drilled to a depth of 5,000 feet. This well will not be drilled until the completion of the first well to be drilled near Resolute.

The Company has also entered into an agreement with the Dominion Explorers' Group to participate to the extent of 7½% in drilling what is

BANKENO MINES LIMITED

known as the Caledonian River Dome on Bathurst Island, the exact location of which is set out on the map attached hereto. It is anticipated that this well will be drilled to a minimum depth of 8,000 feet and that drilling will commence early next Fall.

The discovery of oil in any of these wells would be of extreme importance to your Company, not only through our substantial participation in these wells, but also because of the fact that we have interests in a very large acreage on both the Islands where drilling is to take place, as will be shown on the enclosed maps.

During the past year oil sands were discovered in the Marie Bay area on northwest Melville Island. The sands

so far found in place are located on properties held by your Company. It is thought that the oil sands extend more or less intermittently from the discovery on our lands on Marie Bay to the discovery of oil sands also on our property some forty miles to the west of the Marie Bay discovery. J. C. Sproule & Associates strongly recommend that further work be done because this is an area in a stratigraphic section that is known to contain oil that has seeped up through the oil sands discovery. The exposed outcrops are sealed by permafrost and one could assume that beneath the permafrost the oil sands might be productive.

If finances allow, further work may be carried out to determine drillable

BANKENO MINES LIMITED

structures and related reservoir conditions, all this being based on the supposition that oil may be present in structural traps at shallow depth from the lower limit of the permafrost downward, or in reservoirs connected with independent structures, or in reef structures capped by shales. It is felt that a light portable drill capable of drilling up to 3,000 to 4,000 feet could properly assess this interesting portion of the Arctic Islands, and our consultants advise us that they have made the necessary investigations and that such a drilling project is feasible. No definite plans for further exploration this year in this area have, as yet, been made but this is being given serious consideration.

The Company's lead-zinc properties on Little Cornwallis Island are being kept in good standing.

The coming year will be one of great interest and importance to your Company. The financing to participate in the drilling of the three wells has been assured to the Company and negotiations are being continued with different groups who have evidenced an interest in participating in this financing.

On behalf of the Board,

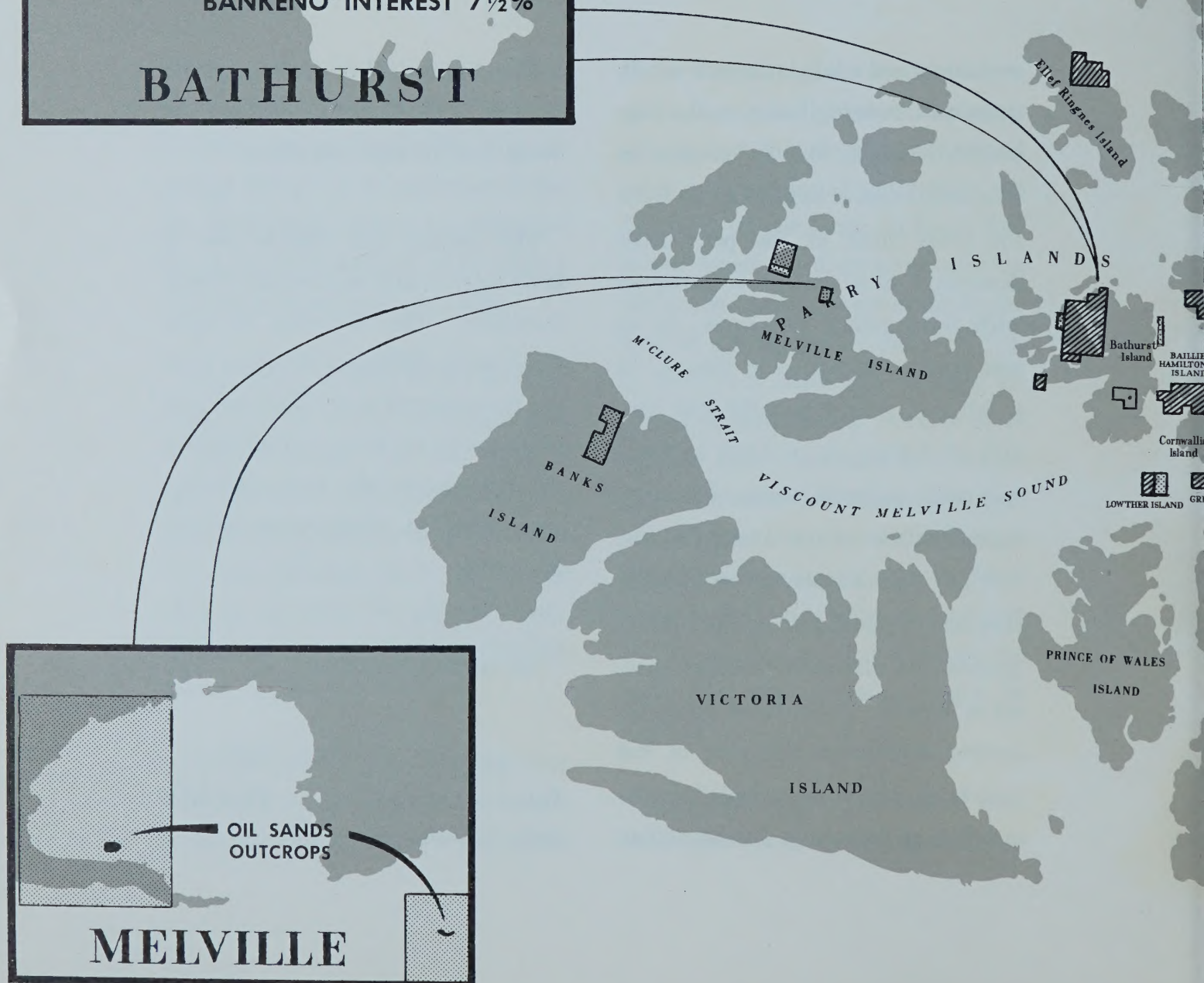
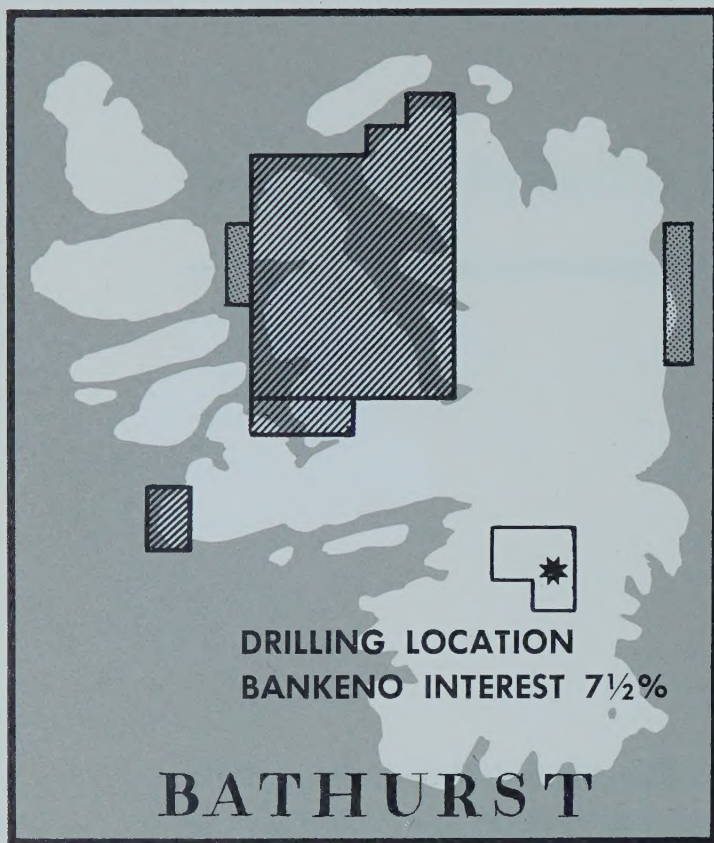
T. J. DAY,

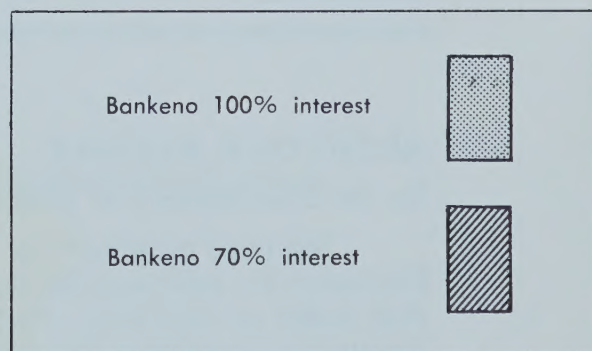
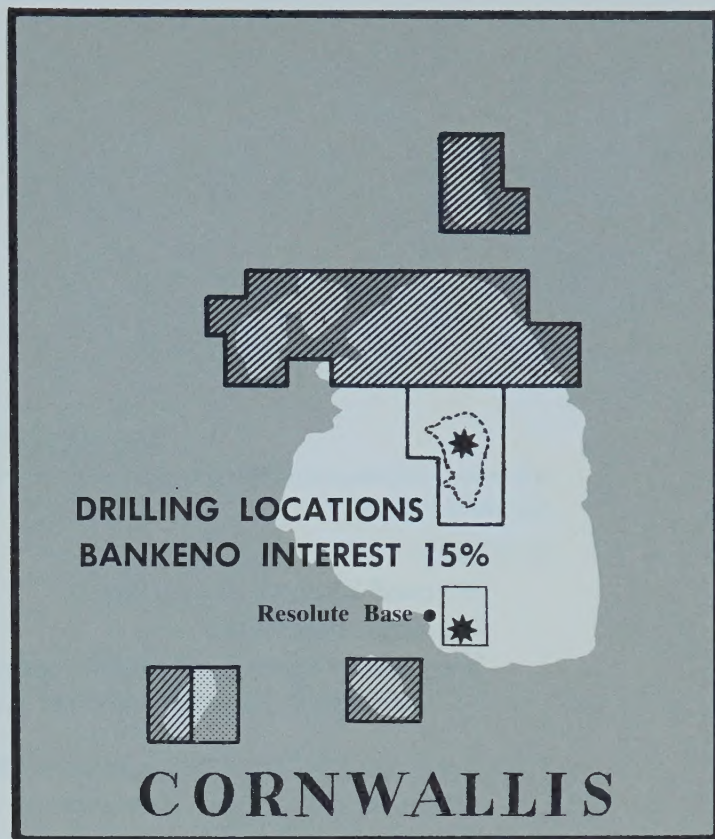
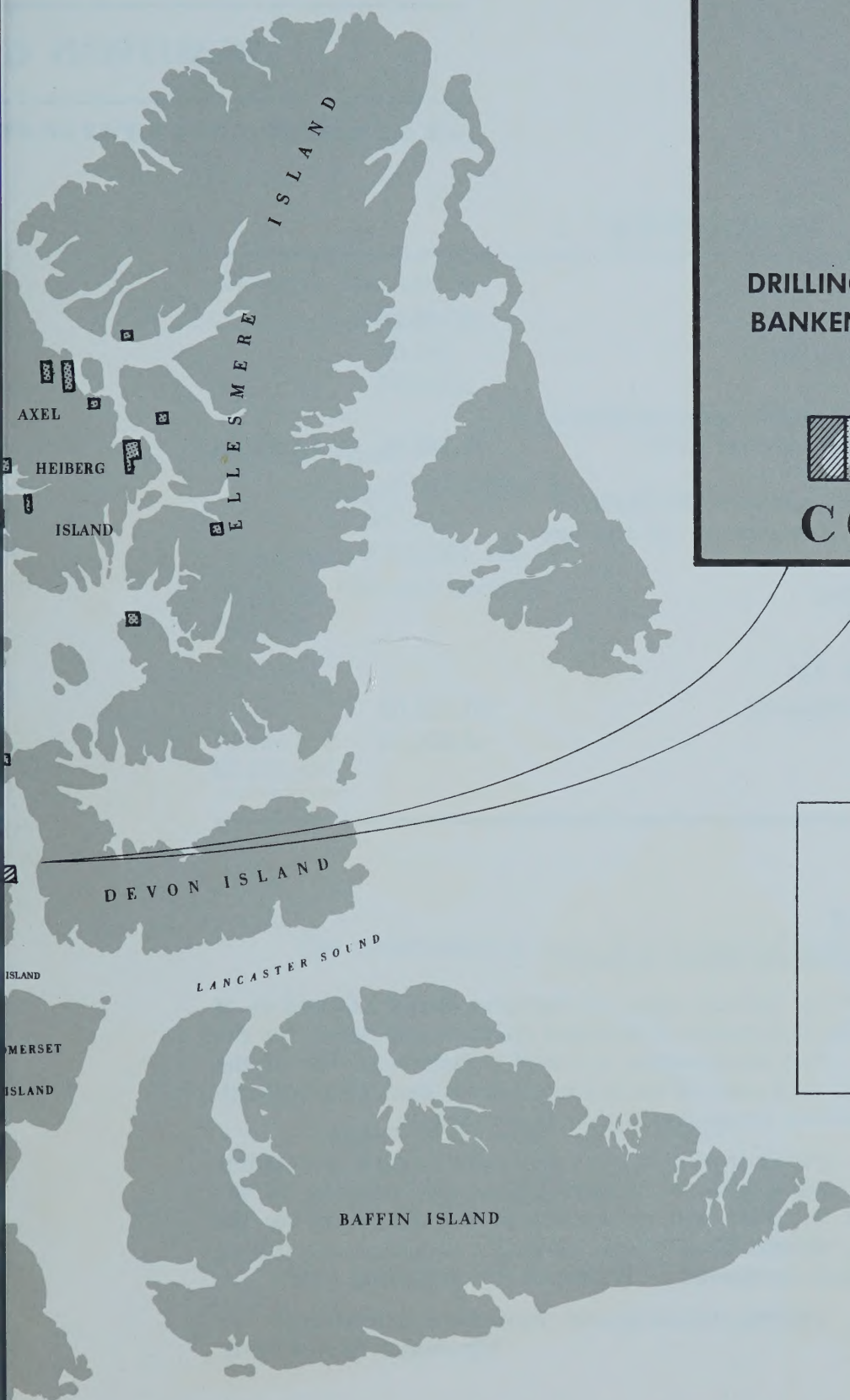
Toronto, Ontario,
June 3, 1963.

President.

BANKENO MINES LIMITED

OIL HOLDINGS IN THE ARCTIC





BANKENO MINES

Incorporated under the laws of the Province of Ontario

BALANCE SHEET

DECEMBER THIRTY-FIRST, 1962

ASSETS

CURRENT ASSETS:

Cash	4,736.19	
Accrued interest receivable	141.67	
Accounts receivable	2,188.99	
Marketable securities, at the lower of cost or market (market value \$11,193)	11,193.50	18,260.35

DEPOSITS, held by the Department of Northern Affairs and National Resources re oil and gas permits		13,926.31
Oil and gas permits, at cost		25,325.00
Mining claims (note 1)		7,721.80

DEFERRED CHARGES (note 2):

Exploration and development	331,745.02	
Administration	46,896.15	378,641.17
		<u>\$443,874.63</u>

AUDITORS' REPORT

To the Shareholders of Bankeno Mines Limited:

We have examined the balance sheet of Bankeno Mines Limited as at December 31, 1962 and the statements of deferred charges and deficit for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and related statements of deferred charges and deficit present fairly the financial position of the company as at December 31, 1962 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
March 1, 1963.

THORNE, MULHOLLAND, HOWSON & MCPHERSON,
Chartered Accountants.

INES LIMITED

he laws of Ontario

E S H E E T

• NINETEEN SIXTY-TWO

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	15,392.45
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SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Authorized, 4,000,000 shares, par value
\$1.00 each

Issued, 2,800,004 shares	2,800,004.00
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Less Discount thereon	1,307,710.75
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1,492,293.25

DEFICIT	1,063,811.07	428,482.18
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\$443,874.63

The accompanying notes are an integral part of this statement.

Approved on behalf of the Board:

THOS. J. DAY, Director.

J. W. McBEAN, Director.

BANKENO MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 1962

1. Mining claims are valued as follows:

Claims acquired prior to December 31, 1959, at nominal value	1.00
Claims acquired during 1960, at staking cost ...	7,720.80
	<u>\$7,721.80</u>

2. Exploration, development, organization and administrative expenses incurred up to December 31, 1959 were written off to deficit at that date.

STATEMENT OF DEFICIT

Year ended December 31, 1962

Deficit at beginning of year	1,067,978.65
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Deduct:

Interest earned	951.48	
Profit on sale of bonds	793.60	
Gain on securities	1,922.50	
Adjustment of prior year's legal fee	500.00	4,167.58
DEFICIT AT END OF YEAR		<u>\$ 1,063,811.07</u>

BANKENO MINES LIMITED

STATEMENT OF DEFERRED CHARGES

Year ended December 31, 1962 (note 2)

	Balance December 31, 1961	Expenditures during year	Balance December 31, 1962
EXPLORATION AND DEVELOPMENT:			
Engineering fees	10,907.93	4,898.36	15,806.29
Geological and exploration expenses, oil and gas permits	142,000.00	63,309.00	205,309.00
General exploration, Arctic Islands	60,174.12	(1,877.54)	58,296.58
Drilling participation, Melville Island	47,842.37	1,713.63	49,556.00
Travelling	1,230.82	2.20	1,233.02
Telephone and telegraph	249.10	1.30	250.49
Supplies	316.75	19.21	335.96
Government licenses and fees	401.00	80.00	481.00
Assaying	364.50	12.00	376.50
Sundry	67.59	32.59	100.18
	<u>263,554.27</u>	<u>68,190.75</u>	<u>331,745.02</u>
ADMINISTRATION:			
Accounting and office services	16,800.00	8,400.00	25,200.00
Legal and audit	3,302.00	420.00	3,722.00
Transfer agent's fees and expenses	2,505.53	1,246.33	3,751.86
Listing fees	800.00	200.00	1,000.00
Travelling	3,633.38	3,910.54	7,543.92
Reports to shareholders	1,752.69	492.90	2,245.59
Postage, telephone and telegraph ..	1,479.37	789.21	2,268.58
Printing and stationery	235.67	49.17	284.84
Government fees, licenses and taxes	348.17	262.58	610.75
Share issue expense	175.38		175.38
Sundry	82.48	10.75	93.23
	<u>31,114.67</u>	<u>15,781.48</u>	<u>46,896.15</u>
	<u>\$294,668.94</u>	<u>\$83,972.23</u>	<u>\$378,641.17</u>

